

STATE OF IOWA
DEPARTMENT OF COMMERCE
UTILITIES BOARD

IN RE: AREA CODE 319 RELIEF PLAN	DOCKET NO. SPU-99-30
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ORDER ALLOCATING BOARD EXPENSES

(Issued July 31, 2001)

On October 29, 1999, the North American Numbering Plan Administrator (NANPA) filed with the Utilities Board (Board) a recommendation for area code number exhaustion relief for the 319 area code. The recommendation was filed on behalf of the Iowa telecommunications industry in the affected area. NANPA filed the recommendation pursuant to 47 C.F.R. § 52.19(a) (1999), which delegates responsibility to the Board to determine the most appropriate form of relief when an Iowa area code is near exhaustion.

The Federal Communications Act of 1934, as amended by the Telecommunications Act of 1996, gives the FCC plenary jurisdiction over numbering issues in the United States. 47 U.S.C. § 251(e)(1). The statute permits the FCC to delegate all or a portion of its jurisdiction to state public utility regulatory bodies. The FCC exercised its authority to delegate to state agencies when it adopted 47 C.F.R. § 52.19(a), which provides:

State commissions may resolve matters involving the introduction of new area codes within their states. Such matters include, but are not limited to: Directing whether area code relief will take the form of a geographic split, an

overlay area code, or a boundary realignment; establishing new area code boundaries; establishing necessary dates for the implementation of area code relief plans; and directing public education and notification efforts regarding area code changes.

The Board is the state agency that regulates the rates and services of public utilities in Iowa, including telecommunications utilities. Iowa Code § 476.1 (2001). The Board has express authority to conduct proceedings in matters delegated to it under 47 U.S.C. § 251, pursuant to Iowa Code § 476.101(10), which provides that when conducting such proceedings, the Board

[S]hall allocate the costs and expenses of the proceedings to persons identified as parties in the proceeding who are engaged in or who seek to engage in providing telecommunications services or other persons identified as participants in the proceeding.

(Id.) The Board previously assessed the costs of this docket as a part of its direct and remainder assessments under § 476.10, but § 476.101 requires assessment to the parties and participants in this docket¹. The Board intends to correct its prior assessments using the allocation described below.

The first step in the allocation process is to identify the participants. The following telecommunications entities participated in this docket: GTE Midwest Incorporated, n/k/a Iowa Telecommunications Services, Inc. (Iowa Telecom); McLeodUSA Telecommunications Services, Inc. (McLeod); South Slope Cooperative Telephone Company (South Slope); U. S. Cellular Corporation (U. S. Cellular);

¹ The improper assessment was discovered during the Board's review of an objection to the assessment filed by Qwest in April of 2001.

U S WEST Communications, Inc., n/k/a Qwest Corporation (Qwest); Verizon Wireless (Verizon); and the Iowa Telecommunications Association (ITA). The costs and expenses of this proceeding will be allocated among these seven participants.

As a general matter, the Board allocates its expenses among regulated utilities based upon the revenues of each utility, so utilities with larger annual revenues pay a greater share. See, for example, § 476.10 (allocating the Board's remainder expenses according to utility gross operating revenues). The equity of this allocation method is clear; companies with larger revenue streams are typically better able to spread the costs of regulation over a larger portion of the public that benefits from regulation. While the specific statutory requirement of § 476.10 is not applicable to this proceeding, the Board finds that a revenue allocation principle is appropriate for this proceeding.

The Board will begin the allocation using the most recent (1999) Iowa revenues reported by each participant for purposes of the dual party relay service assessment under § 477C.7. This assessment base is the most inclusive revenue information source readily available to the Board, so using revenues reported for the dual party relay assessment will tend to spread the cost of this proceeding over as much of the benefiting public as possible. However, there are two adjustments that must be made to the revenues reported for dual party relay purposes: First, the revenues must be adjusted to reflect only a single area code, and second, some of the participants in this proceeding do not report revenues for dual party relay purposes, so a different allocation method will be required.

The revenue reports for dual party relay assessment purposes are filed on a statewide basis, rather than by area code. If the Board were to use these unadjusted revenues to allocate the costs of area code relief in the 319 area code, then those participants with significant reported revenues from customers in the other Iowa area codes (specifically, Iowa Telecom, ITA, McLeodUSA, and Qwest) would be assessed at an excessive level. The Board has adjusted the ITA revenue figure to include only those ITA members (other than Qwest and Iowa Telecom) that have central office codes assigned in the old 319 area code, eliminating this problem for the ITA.

However, because the Board does not have ready access to revenue figures by area code for the other multi-area code participants, the Board will assume for purposes of this allocation that one-third of each company's reported revenues is associated with the 319 area code (based upon the historical division of Iowa into three area codes). It may be that some of the affected carriers receive more than one-third of their Iowa revenues from customers located in the original 319 area code, while others may receive less than one-third, but the cost of determining area-code-specific revenues for each of these carriers is almost certain to exceed the benefit that might result from greater accuracy. The Board finds that reducing each of these participant's reported revenues by two-thirds is a reasonable adjustment.

The second adjustment affects U. S. Cellular and Verizon, which do not report revenues for dual party relay assessment purposes. The Board does not receive any report from these cellular service providers regarding their Iowa revenues (or their revenues from customers in the original 319 area code, for that matter). Lacking any

revenue information, the Board will assess each cellular carrier a one-seventh share of the costs and expenses of this proceeding, based upon the fact that there are seven assessable participants in this proceeding.

The total costs and expenses incurred by the Board and the Consumer Advocate Division of the Department of Justice (Consumer Advocate) in this proceeding are \$55,450. When that total is allocated among the seven participants as described above, the assessment to each participant is as follows:

<u>Participant</u>	<u>Assessment</u>
Iowa Telecom	\$6,783.54
ITA (other than Iowa Telecom and Qwest)	\$7,128.07
McLeod	\$4,011.52
South Slope	\$788.05
U. S. Cellular	\$7,920.08
Qwest	\$20,889.19
Verizon	\$7,920.08
Total	\$55,450.53

Each participant will be assessed the amount shown above.

The Board recognizes that this allocation of the costs and expenses associated with this proceeding is based upon certain assumptions, as described above. The Board believes the resulting allocation is reasonable and that any attempt at greater precision would not be cost-effective. If, however, the participants for which the Board does not have revenue figures believe the Board should consider their revenues, the Board is willing to consider that information. Accordingly, the Board will allow those participants 30 days to file Iowa revenue information for the Board's consideration, if they so choose. If no additional information is filed with the Board by that time, the Board will assess the costs and expenses of this proceeding

to each of the participants as shown above (or adjust past assessments, to the extent these costs have been included in the direct or remainder assessments in the past). If additional information is filed, the Board will consider that information and adjust this allocation, if appropriate.

IT IS THEREFORE ORDERED:

The Board and Consumer Advocate costs and expenses associated with this proceeding will be allocated as shown above, unless one of the participants files revenue information with the Board as described above. Any such information must be filed within 30 days of the date of this order.

UTILITIES BOARD

/s/ Allan T. Thoms

/s/ Diane Munns

ATTEST:

/s/ Judi K. Cooper _____
Acting Executive Secretary

Dated at Des Moines, Iowa, this 31st day of July, 2001.